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MEMORANDUM FOR: Acting Deputy Director (Administration)

SUBJECT : Location of Responsibility for Control and Utilization of Forms

1. The Problem

The elimination of responsibility for the control, standardization, and design of forms from the O&M Staff, and the transfer of that function to the General Services Office, has deprived the O&M Staff of one of its most effective procedural tools and has thereby weakened the potential effectiveness of the management control program of CIA.

2. Assumptions

Work simplification and procedural development represents the major elements of work of the Organization and Methods Staff. The method of analysis which is used in exercising the forms control function contributes to such work.

3. Facts Bearing on Problem

The Chief, General Services, stated in his memorandum of 5 January 1953 (subject: "Responsibility for Forms Control Program and Maintenance of Correspondence Manual") that the Hoover Commission recommended as essential to an agency records program the inclusion of the forms control responsibility. Actually, the Hoover Commission itself made no such recommendation; although a task force report on records management was prepared for the Commission, not all of the task force recommendations were finally incorporated in the Commission's formal recommendations. Although the task force strongly recommends the designation in each agency of a qualified records management officer with forms control functions, it is nowhere stated that such an office should exist outside the Organization and Methods Staff. Instead, the task force states that, "it is recognized that in some agencies responsibility for records management will be assigned to existing planning, methods and procedures, or management staffs." The proposals of the task force may or may not have been conditioned by the fact that the report was undertaken by an organization (The National Records Management Council) which deals almost exclusively in records operations.

4. Discussion

- (a) In devising or determining the utilization of a form the following points should be considered: Can the procedural flow be changed to eliminate the need for the form? What captions of the form can be added,

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taken out, or changed to make the form more useful in serving the work operations of the office? Has the originating office properly considered the steps in the form flow when it is to be filled in, interpreted, acted upon, and filed? Are the various steps taken in such sequence as will reduce to a minimum the total number of operations required? Also, has the proposed form routing taken into consideration the best possible scheduling to level off peak loads? Can the form be combined with similar work done in another office? Has every possibility been weighed against the need for copying off data to another form? Could mechanical aids, such as visible indexes, reproduction mats, etc. be used to good advantage?

- (b) The control over the substance design and utilization of forms is one of the most effective means of uncovering and solving problems of procedure. A question often more pertinent than the merits of the form itself is the necessity for, or the efficiency of, the procedure which requires its use. It has been estimated in industry that for every dollar spent in the purchase of forms an average of at least 17 dollars is spent in the clerical work of processing and filling them, not to mention the cost of the total procedures in which the forms play a part. Management officials in both government and industry have long recognized that both forms work and organization and methods work suffer if an attempt is made to separate the improvement of procedures through forms analysis from its corollary, the improvement of forms through procedural analysis. In support of this contention, there are attached hereto Tabs A through D containing quotations from various authoritative sources as follows:

Tab A - Quotation from a Bureau of the Budget Management Bulletin entitled "Simplifying Procedures through Forms Control"

Tab B - Quotation from article entitled "Administrative Planning in the Federal Government"

Tab C - Quotation from a publication of the American

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Management Association.

Tab D - Quotation from a publication
titled "Design and Control of
Business Forms"

5. Conclusion

Sound management practices dictate that the functions pertaining to forms control, design, and utilization be centered in the G&M Staff.

6. Recommendation

That the responsibility for control of forms be transferred from the General Services Office to the G&M Staff, Comptroller's Office.

/s/

E. R. SAUNDERS
Comptroller

Attachments

APPROVED:

Acting Deputy Director
(Administration)

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~~SECURITY INFORMATION~~

The Bureau of the Budget, in a Management Bulletin, entitled "Simplifying Procedures through Forms Control" states that:

"Experience has shown that the forms-control program is likely to be most effective if primary responsibility for it is centered in a specific individual or unit of the organization and methods office, or of a similar office, whatever it may be called, having responsibility for organizational and procedural problems. This is true regardless of the organizational level involved--department, bureau, or field establishment. The responsibility should cover the preparation of directives and control procedures, the establishment of standards, the recording of requests for new or revised forms, the searching of files for duplications, the recommendation of procedural studies involving forms, and consultation with other units on such matters.

Since the organization and methods staff is bound to encounter many forms problems in dealing with the procedures of which forms are a part, assigning forms control to that office is to add a major tool to its procedural working kit. Conversely, both forms work and organization and methods work will suffer if an attempt is made to separate the improvement of procedures through forms analysis from its corollary, the improvement of forms through procedural analysis."

SECURITY INFORMATION

Gladieux (formerly Executive Assistant to the Secretary of Commerce, now one of the major officials of the Ford Foundation) states in an article on "Administrative Planning in the Federal Government" that:

"An important function, closely related to the analysis of organization and procedures, is the preparation or clearance of formal administrative orders, instructions, and other documents of general administrative application...The preparation of formal orders or instructions by an administrative planning unit gives assurance that duties are allocated and procedures fixed in accordance with the master organization plan and in conformity with prevailing policy and administrative necessities...Other related activities may properly be and usually are performed by an administrative planning staff. Chief, among these are the review and clearance of operating forms and charts, study of standards for the efficient allocation of office space, research directed toward the improvement of office methods and practices and analysis of the need for and use of mechanical equipment. Although these activities may be classified as subsidiary...they assume significance on specific occasions and contribute to the general objective of an efficient and coordinated plan of administration."

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~~ALL INFORMATION CONTAINED~~

Tab C

In a publication of the American Management Association, Mr. H. J. Roth, Supervising Procedures Accountant for Commonwealth Edison, says:

"My experience has led me to believe that the following activities are basic in any methods organization:

1. Surveying and revising existing office methods.
2. Developing and installing new or improved methods.
3. Devising and editing instructional manuals.
4. Editing and distributing all regulations and inter-departmental routines.

But in addition to all these activities, there are other things which relate so closely to the work of a methods department that I have come to the conclusion that they should be included in the department's responsibilities.

...I believe...that the methods department should control all office forms. There are very few assignments which do not result in changes in forms, and the methods department is usually called upon to design the new ones or the revisions. When a new form is designed, however, the responsibility of the methods men does not end. Forms have a habit of growing in number and unless some control tempered by knowledge of their use, can be instituted, a large amount of money may be needlessly spent year after year. This is not to suggest that the methods department be responsible for the physical storing of forms, but that it should possess the talent and the authority to review the use of each form and to govern the placing of orders and the quantities to be stocked."

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~~CLASSIFIED INFORMATION~~

In a book which has just been published, titled "Design and Control of Business Forms", by Frank N. Knox, it is stated that:

"The exact location of the control over forms may vary, but logic dictates that it be at some place having a major concern with general office and clerical expense as represented by the paper work of the company. This is usually in the office of the controller...There may, of course, be a separate unit charged with the coordination of the actual flow of paper work, probably an office methods and procedures control unit. If the company is large enough to have a methods and procedures unit, that unit must, of necessity, work in close coordination with the forms control unit. But the actual physical control and coordination of the forms themselves should be a function of the forms control unit. Oftentimes, of course, the two will be combined into a single control unit.... Forms control and the control of office methods and procedures are two parts of the same thing. They merge imperceptibly into each other, and it is impossible to control one without at least brushing elbows with the other...The end use of forms constitutes the flow of work in the office. Nothing happens in the office except to or by means of a piece of paper; therefore, when the systems and procedures of an office are studied, the forms and their use are specifically what it is that is being studied."

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27 July 1953

MEMORANDUM FOR: Acting Deputy Director, Administration

FROM : Comptroller

SUBJECT : Transfer to Office of the Comptroller
Organizational Responsibility for Machine
Records Branch, Office of General Services

1. PROBLEM

This staff study outlines the factors to be considered in determining the proper location organizationally within the Agency of the electric accounting machine installation which serves the two accounting divisions at headquarters and performs accounting functions for other organizational segments of the Agency.

2. FACTS BEARING ON THE PROBLEM

a. The Office of the Comptroller is responsible under Agency Regulation 1-140 for all budgetary and financial operations of the Agency, for program and financial analysis and for advising "the Deputy Director (Administration) on general Agency efficiency, organization structure, functions, man-power requirements, and administrative procedures for all components of the Agency."

b. A very large and extremely important part of the total headquarters accounting operations is performed on electric accounting machines which are operated by the Machine Records Branch of the General Services Office. The accounting operations utilizing the IBM electric accounting machines of the Machine Records Branch include but are not limited to (1) preparation of payrolls for both headquarters and field staff employees and staff agents, for both Fiscal and Finance Divisions, including preparation of payroll checks for the Branch Office of the Division of Disbursements, Treasury Department, located in the Fiscal Division; (2) maintenance of detail subsidiary records of advances made to Agency personnel by the Finance Division; (3) maintenance of allotment ledger detail records reflecting the status of all allotments of confidential funds for the Finance Division and preparation of monthly allotment status reports for management; (4) maintenance of detail cost records by organizational units, stations, projects, and activities and preparation of monthly cost reports for management showing current period and accumulative costs by such organizational units, stations, projects, and activities; and (5) maintenance of the detailed inventory cards for supplies and equipment on hand and preparation of monthly listings for reconciliation with the financial property controls maintained by the Finance Division (this operation was initiated as of 1 May 1953 and covers only property within continental limits of U. S. at this time).

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c. The Machine Records Branch performs work on electric accounting machines for other offices of the Agency. Detailed property record cards are maintained for the Logistics Office for all Agency property within the continental limits of the U.S.; however, these records also relate directly to property inventory controls maintained by the Office of the Comptroller. For the Personnel Office the Branch maintains records relating to personnel staffing of the Agency which also are utilized in connection with budgetary operations performed by the Office of the Comptroller. A relatively minor amount of work is performed by the Branch for other Agency components, estimated by the Chief of the Branch to approximate five percent of the total machine workload which is the only portion of the work which is not of direct concern to the Office of the Comptroller.

d. The Comptroller's responsibility requires prompt and accurate recordation of all transactions of the Agency and the preparation of meaningful financial reports at the earliest practicable time after the close of each accounting period. Also, detailed records of transactions utilized in the control of funds and other assets of the Agency must be maintained promptly and precisely to provide essential information for current day-to-day operations.

e. While the performance of the Comptroller's functions depends heavily upon the performance of operations by IBM electric accounting machines, the machines now utilized for this purpose are operated by the Machine Records Branch of the General Services Office. The performance by the Office of the Comptroller of its responsibility for the prompt and precise recordation of accounting data is, therefore, somewhat impaired by the lack of direct control and supervision over the machine operations. Furthermore, the detailed accounting records represented by the IBM punch cards are maintained outside the supervisory control of the Comptroller.

f. It is generally accepted that accounting organizations utilizing electric punch card machines for an important part of their detailed record keeping provide for the direct supervision of the machine record installations by the organizational unit responsible for the accounting operations. Examples of this are evident both within the Government and in business. In the Department of Agriculture this type of organizational arrangement exists in a number of individual agencies using IBM equipment, including the Production and Marketing Administration, Farmers Home Administration, Rural Electrification Administration and Farm Credit Administration; in the Government of the District of Columbia a separate machine installation under the accounting organization performs the punch card accounting operations; in the Housing and Home Finance Agency the machine accounting operations are directly supervised by the accounting office. Examples of this organizational arrangement in commercial enterprises include Potomac Electric Power Company, Washington Gas Light Company and the Capital Transit Company.

Security Information

3. DISCUSSION

- a. The importance of promptness and accuracy in the performance of accounting operations, which in this Agency are the responsibility of the Comptroller, render it essential that he be in a position to assure that machine accounting operations are promptly scheduled and properly performed. The present organizational arrangement whereby the machine accounting operations are performed by the Machine Records Branch of the General Services Office, which also performs certain machine operations for other offices of the Agency, results in a lack of control by the Comptroller over a very important segment of the operations for which he is responsible. Although the view might be held that other offices whose records are maintained on electric accounting machines also should have direct control over the machine operations, the nature and significance of accounting operations and records relating to the control of funds and other assets of the Agency makes it most important that the official (Comptroller) having responsibility for such control be in a position to exercise direction over all accounting operations.
- b. The preponderance of the operations of the Machine Records Branch are either directly performed for the Office of the Comptroller, relate to financial controls maintained by that Office over property requiring reconciliation with such controls on a monthly basis or involve personnel statistics of use in budgetary operations by the Office of the Comptroller. A relatively small volume of other operations are performed by the Machine Records Branch which do not directly relate to financial, budgetary and inventory activities of the Agency.
- c. A transfer of the responsibility for supervising the operations of the Machine Records Branch to the Office of the Comptroller would result in placing with the Comptroller the means of assuring accurate and timely recording of financial data and the prompt publication of financial and cost reports for all levels of Agency management. This organizational arrangement is consistent with that generally followed outside the Agency and does not preclude the utilization of the machines for non-accounting purposes on a service basis, especially where a relatively small portion of the entire operations of the machine installation are of such a nature.

4. CONCLUSION

The responsibility for the direction of and control over the Machine Records Branch, now a component of the General Services Office, should be transferred to the Office of the Comptroller in order to permit the Comptroller to better perform his responsibilities.

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5. ACTION RECOMMENDED

Transfer to the Office of the Comptroller responsibility for directing the operations of the Machine Records Branch.

(Signed)

E. R. SAUNDERS
Comptroller

ACTION BY APPROVING AUTHORITY:

Date _____

APPROVED:

Acting Deputy Director,
Administration